Management's Discussion and Analysis
Q1 2015

TSX: SOT.UN, SOT.WT

March 31, 2015

"Leadership is the capacity to translate vision into reality."

- Warren Bennis

DEAR FELLOW UNITHOLDERS

We are well underway on our mission to create a best-in-class office REIT. We demonstrated that in the first quarter by achieving a number of important milestones in the ongoing growth and development of the REIT.

A Meaningful Name Change

In March we announced a name change to Slate Office REIT, solidifying the REIT's place within the Slate Asset Management family of businesses, which includes Slate Retail REIT and numerous private investments with Canadian institutional equity investors.

The common thread of all Slate investments is value. Slate has a proven track record of identifying mispriced, attractive real estate investments. As our competitors' capital is focused elsewhere, we believe our current strategy will provide the REIT with significant growth opportunities. Slate is also a hands-on operator; leasing and asset enhancement strategies are key drivers of the REIT's operational platform.

Corporate Governance

We were very pleased to welcome two highly regarded trustees to the REIT's Board. First, John O'Bryan was appointed to the board as an independent trustee. John's career in commercial real estate spans more than 40 years, most recently at CBRE Limited Canada, where he was Chairman until 2014. John was subsequently appointed Chair of the REIT's Investment Committee and his vast experience will be valuable in the REIT's external growth strategy.

Al Mawani also joined the board as an independent trustee and was appointed Chair of the Audit Committee. Al was a senior executive at a number of Canadian public real estate companies including Oxford and Calloway REIT, where he was Chief Executive Officer until 2013. Both additions strengthen the REIT's Board of Trustees and we look forward to having their guidance as we implement our growth strategy in 2015 and beyond.

Operations Highlights

The first quarter of 2015 was an extremely busy period for the REIT. In addition to the previously announced 75,000 square foot, 25-year lease renewal with the Province of Manitoba at 114 Garry Street in Winnipeg, the REIT completed a further 125,000 square feet of leasing across the portfolio. Approximately 50,000 square feet of that leasing were new deals and 75,000 square feet were renewals. The new leases were completed at rents 2% higher than in-place rents and the rental rate increase on renewals was in excess of 11%. Including 114 Garry Street, the cumulative impact of the Q1 leasing activity brought overall committed occupancy to 92.4% across the portfolio.

Looking Forward

As an investor in the REIT, Slate's interests are aligned with unitholders and we continue to devote our collective energy, resources and relationships to creating a best-in-class office REIT. We are excited about the REIT's prospects for growth and our focus remains on creating value for unitholders through accretive acquisitions and dedicated, proactive management of our existing portfolio of quality assets.

We thank our unitholders for their continued trust and support.

Sincerely,

"Scott Antoniak"

Scott Antoniak
Chief Executive Officer
May 7, 2015

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Section 1. OBJECTIVES

Basis of Presentation

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") for the three months ended March 31, 2015 has been prepared and includes material financial information as of May 7, 2015. This MD&A should be read in conjunction with the audited consolidated financial statements of Slate Office REIT ("Slate Office" or the "REIT"), formerly known as FAM Real Estate Investment Trust, for the year ended December 31, 2014 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All dollar amounts in this MD&A are in Canadian dollars.

Additional information relating to the REIT, including the REIT's annual information form for the year ended December 31, 2014 is available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain information herein constitutes "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements include statements about management's expectations regarding objectives, plans, goals, strategies, future growth, operating results and performance, business prospects and opportunities of the REIT. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "might", "should", "seeks", "intends", "plans", "pro-forma", "estimates" or "anticipates"; or variations of such words; and phrases or statements that certain actions, events or results "may", "could" or "might" occur or be achieved; or the negative connotation thereof. Forward-looking statements are made based on reasonable assumptions, however, there is no assurance that the events or circumstances reflected in forward-looking statements will occur or be achieved. Forward-looking statements are based on numerous assumptions of factors that if untrue, could cause actual results to differ materially from those that are implied by such forward-looking statements. These factors include but are not limited to: general and local economic and real estate business conditions; the financial condition of tenants; occupancy rates; rental rates; the ability of the REIT to refinance maturing debt; the REIT's ability to source and complete accretive acquisitions; changes in government, environmental and tax regulations; inflation and interest rate fluctuations; the REIT's ability to obtain equity or debt financing for additional funding requirements; and adequacy of insurance.

Forward-looking statements are subject to risks and uncertainties, many of which are beyond the REIT's control. These risks and uncertainties include, but are not limited to: risks related to general and local financial conditions including available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; governmental, environmental, taxation and other regulatory risks; litigation risks and other risks and factors described from time to time in the documents filed by the REIT with the securities regulators.

The REIT has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements. However, there may be other factors that could cause results to not be as anticipated, estimated or intended. Forward-looking statements are provided to inform readers about management's current expectations and plans and allow investors and others to better understand the REIT's operating environment. However, readers should not place undue reliance on forward-looking statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, or of the timing that such performance or results will be achieved. Forward-looking statements included in this MD&A are made as of May 7, 2015 and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws.

Additional information about risks and uncertainties is contained in the REIT's annual information form for the year ended December 31, 2014 available on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

The REIT has included certain non-IFRS financial measures throughout this MD&A. Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate industry use these non-IFRS financial measures to evaluate the REIT's performance and ability to generate cash flows. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. In addition, they do not have standardized meanings and may not be comparable to measures used by other issuers in the real estate industry or other industries. The non-IFRS financial measures included in this MD&A are as follows:

Net operating income ("NOI")

The REIT calculates net operating income as revenue from investment properties less property operating expenses.

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")

The REIT calculates Adjusted EBITDA as net income before income taxes, depreciation and amortization, fair value adjustments to investment properties and financial instruments, realized gains or losses on disposals of investment properties, share of net income or loss from equity accounted investment, and finance costs excluding interest income.

Funds From Operations ("FFO ") and Adjusted Funds From Operations ("AFFO")

Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") are commonly acceptable and meaningful indicators of financial performance for the commercial real estate industry. However, FFO and AFFO are not measures defined under IFRS.

The REIT calculates FFO in accordance with the *Real Property Association of Canada ("REALpac") White Paper on FFO for IFRS* which was revised April 2014. Specifically, the REIT calculates FFO as net income calculated in accordance with IFRS; adjusted for most non-cash expenses including: amortization of capitalized leasing costs; gains and losses on dispositions of investment properties; fair value adjustments to investment properties; fair value adjustments to Class B LP units and warrants which are puttable instruments classified as financial liabilities; share of net income or loss from equity accounted investment; and distributions on Class B LP units.

In calculating AFFO, the REIT makes certain adjustments to FFO for certain items including: amortization of straight-line rent; accretion on the vendor take-back loan; amortization of deferred transaction costs; fair value adjustments to interest rate swaps; normalized direct leasing costs and capital expenditures; de-recognition and amortization of mark-to-market adjustments on mortgages refinanced or discharged; guaranteed income supplement; and the interest rate and capital expenditure subsidies (as described under "Section 4 – Financial Condition, Interest Rate and Capital Expenditures Subsidies" of this MD&A). The method applied by the REIT to calculate AFFO may differ from methods applied by other issuers in the real estate industry and therefore may not be comparable with measures reported by such issuers.

Change in calculation of AFFO

During the period ended March 31, 2015, the REIT successfully entered into a lease with the Province of Manitoba for 74,248 square feet ("sq. ft.") at 114 Garry with a rent increase from $10.25 per sq. ft. to $19.54 per sq. ft. This lease which is for a 25 year period, requires the REIT to incur capital and leasing costs over a two year time frame that will benefit the REIT over the lease period. As a result, beginning January 1, 2015, the REIT has normalized its reserves for capital expenditures and leasing costs in deriving AFFO. The REIT previously calculated AFFO using the actual capital expenditures and capitalized leasing costs incurred. The following table summarizes the AFFO as previously calculated and the current method of calculating AFFO:

	Three months ended				For the cumulative period ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
AFFO - as previously calculated	$ 2,268	$ 2,029	$ 2,357	$ 128	$ 2,268	$ 4,297	$ 6,654	$ 6,782
AFFO per unit - as previously calculated	$ 0.19	$ 0.15	$ 0.16	$ 0.01	$ 0.19	$ 0.34	$ 0.49	$ 0.48
AFFO	$ 2,055	$ 2,228	$ 2,387	$ 850	$ 2,055	$ 4,283	$ 6,670	$ 7,520
AFFO per unit	$ 0.17	$ 0.16	$ 0.16	$ 0.05	$ 0.17	$ 0.34	$ 0.49	$ 0.53

Core - FFO

Management believes that the computation of FFO includes certain items that are not indicative of the results provided by the REIT's operating portfolio and affect the comparability of the REIT's period-over-period performance. These items include, but are not limited to, fair value adjustments to interest rate swaps and Special Committee related expenses. Therefore, in addition to FFO, management uses Core - FFO to normalize for such items. Management believes that Core - FFO is a useful supplemental measure, however this may not be comparable to the adjusted or modified FFO of other REITs.

Debt to Adjusted EBITDA leverage ratio and Net Debt to Adjusted EBITDA leverage ratio

The REIT calculates its leverage ratio using two methods: 1) the average debt outstanding divided by annualized Adjusted EBITDA and 2) the average debt outstanding net of cash at period end divided by annualized Adjusted EBITDA. Debt consists of mortgages payable, vendor take-back loan, and the revolving credit facility at face value, excluding deferred transaction costs. These ratios are widely used and meaningful metrics for the assessment of creditworthiness and debt default probability. The Debt to Adjusted EBITDA leverage ratio indicates the number of years required for the REIT’s unleveraged operating earnings (i.e. before depreciation, amortization, transaction costs, gains or losses, fair value adjustments, and taxes) to cover or repay all outstanding debts. The Net Debt to Adjusted EBITDA ratio takes into consideration the cash on hand to decrease debt.

Indebtedness ratio (also referred to as Debt to Gross Book Value, or “Debt/GBV”)

The REIT calculates its indebtedness ratio as total debt divided by total assets at period-end. The indebtedness ratio is a measure of the REIT’s financial risk and determines the percentage of the REIT’s assets financed by debt.

Interest coverage ratio

The REIT calculates the interest coverage ratio as Adjusted EBITDA for the period divided by interest expensed during the period. Specifically, interest expense is computed as net finance costs adjusted for the interest rate subsidy and interest income, less non-cash items including gains and losses from interest rate swaps, de-recognition or amortization of mark-to-market adjustments on mortgages, amortization of deferred financing costs, accretion on the vendor take-back loan, distributions on Class B LP units, and defeasance costs. The interest coverage ratio is a measure of the REIT's ability to service its debt.

Debt service coverage ratio

The REIT calculates the debt service coverage ratio as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflects principal repayments and interest expensed during the period. Payments related to defeasance, prepayment penalties, or payments upon discharge of a mortgage are excluded from the calculation. The debt service coverage ratio is a measure of the REIT's ability to meet annual interest and principal payments.

AFFO pay-out ratio

The REIT calculates the AFFO pay-out ratio as total distributions divided by AFFO for the period. The AFFO pay-out ratio is a measure of the REIT's ability to sustain its total distributions, when compared to its cash flow capacity.

Review and Approval by the Board of Trustees

The Board of Trustees approved the contents of this MD&A on May 7, 2015.

Core Business and Objectives

Slate Office REIT's trust units and warrants are listed on the Toronto Stock Exchange ("TSX") and traded under the symbols "SOT.UN" and "SOT.WT", respectively.

The REIT is an unincorporated, open-ended real estate investment trust which was created pursuant to a Declaration of Trust dated August 27, 2012, as amended and restated on December 27, 2012 and December 17, 2014, under the laws of the Province of Ontario and the applicable laws of Canada. On December 28, 2012, the REIT completed its initial public offering of offered units, which comprised of trust units and warrants, and acquired a portfolio of 27 income-producing office, industrial, and retail properties located in four provinces and one territory of Canada (the "Initial Properties"). The REIT had no operations prior to December 28, 2012.

The objectives of the REIT are to: (i) provide unitholders with stable and growing cash distributions from investment properties initially focused in Canada, on a tax efficient basis; (ii) enhance the value of the REIT's assets and maximize long-term trust unit value through active management; and (iii) expand the asset base of the REIT and increase the REIT's AFFO per trust unit, including through accretive acquisitions.

Management and Strategy

Overview

The REIT is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a diversified portfolio of revenue-producing commercial real estate properties in Canada with an emphasis on commercial office properties. The principal, registered and head office of the REIT is 200 Front St W, Suite 2400, Toronto, ON M5V 3K2.

Management by Slate Asset Management LP

The REIT is externally managed and operated by Huntingdon Capital Corp. ("Huntingdon" or the "Manager"), a wholly-owned subsidiary of Slate Asset Management LP ("Slate"), a leading Canadian commercial real estate platform with over $2.5 billion in assets under management.

Slate has a highly experienced team of real estate professionals and has a proven track record of success in real estate investment and management. Management's interests are significantly aligned with the Unitholders of the REIT through its significant ownership position.

Under its new management by Slate, the REIT has renewed its strategic objectives which include:

i. repositioning itself as a pure play office REIT with growth focused on high-quality downtown and suburban office properties; and,
ii. becoming an institutional quality investment vehicle that leverages Slate's sophisticated and professional management resources.

As a manager and the largest single unitholder, with an approximate 34% interest in the REIT as at March 31, 2015, Slate is highly motivated to increase the value of the portfolio and provide stable, reliable and growing returns to the REIT's unitholders.

New Personnel and Organizational Restructuring

To facilitate the renewed strategic objectives as described above, Slate assigned a dedicated management team to Slate Office REIT including a new Chief Executive Officer, Chief Financial Officer and asset management team, among other dedicated functions.

Enhancements to the Board of Trustees

Several changes have also been made to enhance the REIT's corporate governance. These include the appointment of two new independent board members, and the appointment of new individuals to chair positions of the board's investment and audit committees.

Section 2. FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

($000s unless otherwise noted and except per unit amounts)	March 31, 2015	December 31, 2014	March 31, 2014
Portfolio:			
Number of properties	**35**	35	28
Gross leasable area ("GLA") in square feet ("sq. ft.")	**2,903,398**	2,905,756	1,829,096
Total assets	**$ 476,293**	$ 476,670	$ 273,577
Total debt	**281,955**	281,239	143,774
Occupancy	**91.7%**	92.3%	97.9%

($000s unless otherwise noted and except per unit amounts)	Three months ended March 31, 2015	Three months ended March 31, 2014
Operating:		
Revenue from investment properties	**$ 14,082**	$ 8,207
Net operating income	**7,628**	4,765
Net loss and comprehensive loss	**(1,230)**	(354)
Weighted average number of trust units (000s)	**20,016**	11,993
FFO	**2,943**	1,189
FFO per unit (basic and diluted)(1)	**$ 0.15**	$ 0.10
Core - FFO	**4,659**	2,598
Core - FFO per unit (basic and diluted)(1)	**$ 0.23**	$ 0.22
AFFO(2)	**3,566**	2,055
AFFO per unit (basic and diluted)(1)(2)	**$ 0.18**	$ 0.17
Distributions per unit(1)	**$ 0.19**	$ 0.19
AFFO pay-out ratio	**105%**	110%
Cash distributions per unit – basic and diluted	**$ 0.18**	$ 0.13

(1) The weighted average number of units outstanding used in the per unit calculations includes the weighted average of all REIT units and Class B LP units.
(2) AFFO for the comparative period was restated, as disclosed under the "Non-IFRS Financial Measures" of this MD&A.

	March 31, 2015	December 31, 2014	March 31, 2014
Financing:			
Weighted average mortgage interest rate*	**3.9%**	4.1%	4.7%
Interest coverage ratio (times)	**2.8x**	1.8x	2.7x
Debt to Adjusted EBITDA leverage ratio (times)	**9.7x**	12.9x	8.6x
Net Debt to Adjusted EBITDA leverage ratio (times)	**9.5x**	12.5x	8.4x

*At period end

Portfolio Performance

	Occupancy Rate (%)		Gross Leasable Area (sq. ft.)			
	March 31, 2015	December 31, 2014	**As at March 31, 2015**		As at December 31, 2014	
			Total	**%**	Total	%
Ontario	**90.4%**	91.4%	**1,769,470**	61.0%	1,769,116	60.9%
Manitoba	**99.0%**	98.7%	**920,759**	31.7%	923,471	31.8%
Saskatchewan	**72.6%**	72.6%	**84,243**	2.9%	84,243	2.9%
Alberta	**67.2%**	67.2%	**113,451**	3.9%	113,451	3.9%
Northwest Territories	**100.0%**	100.0%	**15,475**	0.5%	15,475	0.5%
Total	**91.7%**	92.3%	**2,903,398**	100.0%	2,905,756	100.0%

On a quarter-over-quarter basis, the overall in-place occupancy decreased by 0.6% to 91.7% which is represented by 36,460 sq. ft. of additional vacancy and 17,703 sq. ft. of new deals commencing during the quarter creating a net reduction of 18,757 sq. ft. to the overall occupancy.

During the quarter, the REIT completed over 200,000 sq. ft. of leasing activity resulting in a 92.4% committed occupancy rate at quarter end. This occupancy rate includes completed lease transactions with commencement dates subsequent to the period ending March 31, 2015.

48,349 square feet of new lease deals were signed in the first quarter with rental rates that average 2.0% above current in-place rents.

152,394 sq ft. of renewals occurred in the first quarter with an average increase of 44.9% over the previous contractual rental rates. A large portion of this is represented by a 74,248 sq. ft. renewal with the Province of Manitoba at 114 Garry where rents increased to an average of $19.54 per sq. ft. compared with the prior in-place rent of $10.25 per sq. ft. All other renewals had a weighted average increase of 11.6% above previous rents.

Subsequent to quarter-end, the REIT can report the following activity with respect to the overall portfolio:

- An additional 3,935 sq. ft. of new lease deals were signed since March 31, 2015.
- In February 2015, an oil and gas servicing company occupying a 33,280 sq. ft. single tenant building in Grande Prairie defaulted on their February rent and subsequently Management received notice that the tenant filed for insolvency. This is the same tenant that vacated another REIT owned building in Brooks, Alberta in mid-2014. The tenant is now insolvent and is developing a proposal to all of its creditors. For Q1, as part of the insolvency process, the REIT received rent payments for the months of January, approximately half of February and the entirety of March. The tenant vacated the building on April 30th, 2015. With respect to future claims, the value of the recovery from the claim in the proposal will depend on the tenant's current assets and the amounts owing to other creditors. These factors will not be known until the proposal is received from the tenant. Management is monitoring the claim closely and actively trying to backfill the two vacancies left by this tenant.

Net operating income

The REIT achieved NOI of $7.6 million for the three months ended March 31, 2015, compared to $4.8 million for the same period in 2014 as a result of portfolio growth.

Funds From Operations

FFO was $0.15 per unit for the three months ended March 31, 2015. After adjusting for the $0.08 per unit ($1.7 million) non-cash fair value loss on the interest rate swaps, Core - FFO was $0.23 per unit.

FFO was $0.10 per unit for the three months ended March 31, 2014. After adjusting for the $0.11 per unit ($1.3 million) fair value loss on interest rate swaps and the $0.01 per unit ($0.1 million) Special Committee related expenses, Core - FFO was $0.22 per unit.

The increase in Core - FFO is attributable to accretive growth in the portfolio. Furthermore, the MTS Data Centre is expected to reach substantial completion and commence rent at the end of the second quarter of 2015, which will generate additional annualized FFO of approximately $2.3 million, or $0.12 per unit.

Adjusted Funds From Operations

AFFO was $0.18 per unit for the three months ended March 31, 2015, which was higher than the prior period due to the growth in Core - FFO. AFFO is expected to increase by approximately $2.2 million, or $0.11 on an annualized basis upon rent commencement of MTS Data Centre at the end of the second quarter of 2015.

Pay-out Ratio

The distribution pay-out ratio as a percentage of AFFO was 105% for the three months ended March 31, 2015, which was the same as the pay-out ratio for the same period in 2014.

The distributions declared for the three months ended March 31, 2015 were greater than AFFO by $0.2 million due to the trust units issued in the April 2014 equity offering to fund the development of a data centre in Winnipeg, Manitoba, which is not generating any AFFO contribution during the current period. The shortfall in AFFO over cash distributions for the three months ended March 31, 2015 was funded using the REIT's revolving credit facility.

Management believes that the current level of distributions is sustainable, as the increase in the portfolio in the previous quarter and the current occupancy rate in the portfolio allow for cash flow growth through near-term leasing opportunities. In addition, the data centre development is slated for substantial completion in May 2015 and rent commencement in the second quarter of 2015. The cash required for future capital expenditures and leasing costs will be funded using the REIT's existing revolving credit facility, and from the proceeds arising from the divestment of existing retail and industrial portfolios.

On a pro-forma basis, if the data centre was operational at the beginning of the year, the pro forma AFFO pay-out ratio would have been 91% for the three months ended March 31, 2015.

Section 3. REVIEW OF FINANCIAL AND OPERATIONAL RESULTS

Summary of Selected Financial Information

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
Revenue from investment properties	**$**	**14,082**	$	8,207
Property operating expenses		**(6,454)**		(3,442)
Net operating income		**7,628**		4,765
General and administration		**(593)**		(532)
Special Committee related expenses		**—**		(118)
Finance costs, net		**(5,140)**		(3,512)
Share of net income from equity accounted investment		**1,190**		—
Fair value adjustments to financial instruments		**(2,188)**		(296)
Fair value adjustments on investment properties		**(2,127)**		(661)
Net income and comprehensive income	**$**	**(1,230)**	$	(354)
Total assets*		**476,293**		273,577
Total debt[(1)]*		**281,955**		143,774

* At period-end

(1) Includes mortgages payable, vendor take-back loan, and amounts drawn under revolving credit facility at face value.

Review of Financial Results

Revenue from Investment Properties

Revenue from investment properties includes rent from tenants under lease agreements, straight-line rental income, percentage rents, property taxes and operating cost recoveries, and other incidental income.

For the three months ended March 31, 2015, revenue from investment properties was $14.1 million compared to $8.2 million for the same period in 2014. The increase in revenue from investment properties was driven by incremental revenues from portfolio growth mostly in the fourth quarter of 2014.

Property Operating Expenses

Property operating expenses consist of property taxes, property management fees, and other expenses such as common area costs, utilities, and insurance. The majority of the REIT's property operating expenses are recoverable from tenants in accordance with the terms of the tenants' lease agreements. Operating cost recoveries are included in revenue from investment properties and amounted to $5.8 million for the three months ended March 31, 2015, compared to $3.0 million for the same period in 2014.

For the three months ended March 31, 2015, property operating expenses were $6.5 million compared to $3.4 million for the same period in 2014. The increase in property operating expenses of $3.1 million was primarily due to incremental expenses related to the portfolio growth seen in the fourth quarter of 2014.

General and administration

General and administration expenses are primarily comprised of asset management fees, professional fees, trustee fees, and other reporting fees.

For the three months ended March 31, 2015, general and administration expenses increased by $0.1 million, compared to the prior period. The increase was due to higher asset management fees related to the growth of the REIT's property portfolio.

Special Committee related expenses

In February 2014, the REIT established a Special Committee to assess the implications of Huntingdon's strategic review on the REIT. Special Committee related expenses include legal, financial advisory and trustee fees. No such related expenses were incurred in the current period as the Special Committee no longer exists.

Finance costs, net

Finance costs is presented net of interest income, and is comprised of the following:

		Three months ended March 31, 2015		Three months ended March 31, 2014
Mortgage interest	**$**	**2,621**	$	1,514
Distributions on Class B LP units		**951**		558
Accretion on vendor take-back loan		**—**		72
Interest on vendor take-back loan		**69**		69
Interest on revolving credit facility		**53**		53
Amortization of deferred transaction costs		**72**		59
Amortization of mark-to-market adjustment on mortgages		**(55)**		(56)
Loss on interest rate swaps		**1,716**		1,291
Interest income		**(287)**		(48)
	$	**5,140**	$	3,512

For the three months ended March 31, 2015, finance costs were $5.1 million compared to $3.5 million for the same period in 2014. The increase of $1.6 million was mainly due to an increase of $1.1 million in mortgage interest due to the increase in portfolio compared to the same period in 2014, fluctuations in fair value adjustments related to interest rate swaps of $0.4 million, and additional distributions related to the Class B LP units of $0.4 million. These increases were slightly offset by a favourable change in interest income of $0.2 million.

Share of net income from equity accounted investment

During the three months ended March 31, 2015, the REIT recorded income of $1.2 million from its equity accounted investment in the MTS Data Centre. The equity income was largely driven by a fair value adjustment to its investment property under development.

Fair value adjustments to financial instruments

The Class B LP units are exchangeable into trust units of the REIT on a one-for-one basis at the option of the unitholder. Under IFRS, the Class B LP units are considered puttable financial instruments to the REIT, and are recognized in the consolidated financial statements as financial liabilities measured at fair value through profit or loss. The fair value is re-measured at the end of each reporting period based on the quoted closing price of the trust units into which they are exchangeable.

During the three months ended March 31, 2015, the REIT recognized a $2.2 million unrealized fair value loss related to the Class B LP units, representing a change in the fair value per unit from $7.58 at December 31, 2014 to $8.005 at March 31, 2015. During the three months ended

March 31, 2014, the REIT recognized a $0.3 million unrealized fair value loss, representing a change in the fair value per unit from $8.69 at December 31, 2013 to $8.80 at March 31, 2014.

Under IFRS, the trust unit purchase warrants issued on December 28, 2012 in connection with the REIT's initial public offering are considered puttable instruments to the REIT, and are recognized in the consolidated financial statements as financial liabilities measured at fair value through profit or loss. The fair value is re-measured at the end of each reporting period based on the quoted closing price of the warrants.

During the three months ended March 31, 2015 and 2014, the fair value adjustment to warrants were nominal.

Fair value adjustments to investment properties

In accordance with IFRS, the REIT measures its investment properties at fair value at the end of each reporting period. The fair values of investment properties are determined either internally by management or externally by nationally-recognized qualified third party appraisers using a number of approaches including the discounted cash flow and direct capitalization approaches.

During the three months ended March 31, 2015, the REIT's investment properties increased marginally from $448.0 million to $448.1 million. The change included:

- $1.7 million in capital expenditures and direct leasing expenses
- $0.5 million of net amortization of leasing expenses and straight-line rents included in revenue
- $2.1 million fair value loss, which mostly relates to an increase in capitalization rates for the Alberta properties, as well as changes in leasing assumptions. This compares to a net fair value loss of $0.7 million during the period ended March 31, 2014.

Income taxes

The REIT is a mutual fund trust and real estate investment trust pursuant to the Income Tax Act (Canada). Under the Income Tax Act (Canada), so long as the REIT meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"), the REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period. Management intends to operate the REIT in a manner that enables the REIT to continue to meet the REIT Conditions and to distribute all of its taxable income to unitholders. It therefore has not recognized any current or deferred income taxes in its condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014.

Segmented Information

The REIT invests in five geographic locations:

	Net Operating Income					
	March 31, 2015			March 31, 2014		
($000s except percentages)		**Total**	**Percentage (%)**		**Total**	**Percentage (%)**
Ontario	$	5,223	68.5%		2,314	48.6%
Manitoba		1,916	25.1%		1,697	35.6%
Saskatchewan		111	1.5%		128	2.7%
Alberta		263	3.4%		497	10.4%
Northwest Territories		115	1.5%		129	2.7%
	$	7,628	100.0%	$	4,765	100.0%

Ontario

($000s unless otherwise noted)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
# of properties (period-end)		***11***		*4*
Owned GLA (000s of sq. ft.) (period-end)		***1,769***		*693*
Occupancy rate (%) (period-end)		***90.4%***		*99.1%*
Revenue from investment properties	**$**	**9,787**	$	3,798
Property operating expenses		**(4,564)**		(1,484)
Net operating income	**$**	**5,223**	$	2,314
Margin %		**53.4%**		60.9%

NOI for the properties in Ontario increased by $2.9 million for the three months ended March 31, 2015, when compared to the same period in 2014. The increase in NOI was due to the growth in portfolio.

Manitoba

($000s unless otherwise noted)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
# of properties (period-end)		***18***		*18*
Owned GLA (000s of sq. ft.) (period-end)		***921***		*923*
Occupancy rate (%) (period-end)		***99.0%***		*98.7%*
Revenue from investment properties	**$**	**3,349**	$	3,238
Property operating expenses		**(1,433)**		(1,541)
Net operating income	**$**	**1,916**	$	1,697
Margin %		**57.2%**		52.4%

NOI for the properties in Manitoba increased by $0.2 million for the three months ended March 31, 2015, when compared to the same period in 2014. This increase was due to the increase in rental revenues associated with the 25 year lease renewal at 114 Garry.

Alberta

($000s unless otherwise noted)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
# of properties (period-end)		***4***		*4*
Owned GLA (000s of sq. ft.) (period-end)		***113***		*113*
Occupancy rate (%) (period-end)		***67.2%***		*100.0%*
Revenue from investment properties	**$**	**430**	$	595
Property operating expenses		**(167)**		(98)
Net operating income	**$**	**263**	$	497
Margin %		**61.2%**		83.5%

NOI for properties in Alberta decreased by $0.2 million, when compared to the same period in 2014. The decline was mainly due to a rent default of an oil and gas servicing company in July 2014, which led to the termination of the tenant lease, and the same tenant defaulting on approximately half of its February 2015 rent at another REIT-owned single tenant property. In addition, a furniture store tenant defaulted on its rent payment in July 2014, which led to the termination of the lease.

Saskatchewan

($000s unless otherwise noted)	**Three months ended March 31, 2015**	Three months ended March 31, 2014
# of properties (period-end)	***1***	*1*
Owned GLA (000s of sq. ft.) (period-end)	***84***	*84*
Occupancy rate (%) (period-end)	***72.6%***	*75.2%*
Revenue from investment properties	**$ 365**	$ 412
Property operating expenses	**(254)**	(284)
Net operating income	**$ 111**	$ 128
Margin %	**30.4%**	31.1%

NOI for the property in Saskatchewan in the current quarter was relatively comparable to the prior quarter.

Northwest Territories

($000s unless otherwise noted)	**Three months ended March 31, 2015**	Three months ended March 31, 2014
# of properties (period-end)	***1***	*1*
Owned GLA (000s of sq. ft.) (period-end)	***15***	*15*
Occupancy rate (%) (period-end)	***100.0%***	*100.0%*
Revenue from investment properties	**$ 151**	$ 164
Property operating expenses	**(36)**	(35)
Net operating income	**$ 115**	$ 129
Margin %	**76.2%**	78.7%

NOI for the property in the Northwest Territories in the current quarter was relatively comparable to the prior quarter.

Funds From Operations

The reconciliation of FFO to net loss is as follows:

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
Net loss	**$**	**(1,230)**	$	(354)
Add (deduct):				
Amortization of leasing costs		**97**		28
Distribution on Class B LP units		**951**		558
Share of net income from equity accounted investment		**(1,190)**		—
Fair value adjustments to financial instruments		**2,188**		296
Fair value adjustments to investment properties		**2,127**		661
FFO	**$**	**2,943**	$	1,189
Add (deduct):				
Fair value adjustments to interest rate swaps		**1,716**		1,291
Special Committee related expenses		**—**		118
Core - FFO		**4,659**		2,598
Weighted average number of units outstanding (000s)[1]				
Basic and diluted		**20,016**		11,993
FFO per unit (basic and diluted)	**$**	**0.15**	$	0.10
Core - FFO per unit (basic and diluted)	**$**	**0.23**	$	0.22

(1) The basic and diluted weighted average number of units outstanding includes the weighted average of all REIT units and Class B LP units.

FFO was $0.15 per unit for the three months ended March 31, 2015. After adjusting for the $0.08 per unit ($1.7 million) non-cash fair value loss on the interest rate swaps, Core - FFO was $0.23 per unit.

FFO was $0.10 per unit for the three months ended March 31, 2014. After adjusting for the $0.11 per unit ($1.3 million) fair value loss on interest rate swaps and the $0.01 per unit ($0.1 million) Special Committee related expenses, Core - FFO was $0.22 per unit.

The increase in Core - FFO is attributable to accretive growth in the portfolio. Furthermore, the MTS Data Centre is expected to reach substantial completion and commence rent at the end of the second quarter of 2015, which will generate additional annualized FFO of approximately $2.3 million, or $0.12 per unit.

Adjusted Funds from Operations

The reconciliation of AFFO to the REIT's FFO is as follows:

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
FFO	**$**	**2,943**	$	1,189
Add (deduct):				
Interest rate subsidy[(1)]		**98**		97
Guaranteed income supplement		**154**		—
Accretion on vendor take-back loan		**—**		72
Amortization of deferred transaction costs		**72**		59
Amortization of mark-to-market adjustments on mortgages		**(55)**		(56)
Amortization of straight-line rent		**(599)**		(120)
Normalized direct leasing costs and capital expenditures		**(763)**		(477)
Fair value loss (gain) on interest rate swaps		**1,716**		1,291
AFFO[(3)]	**$**	**3,566**	$	2,055
Weighted average number of units outstanding (000s)[(2)]				
Basic and diluted		**20,016**		11,993
AFFO per unit (basic and diluted)	**$**	**0.18**	$	0.17

(1) The interest rate subsidy is described in further detail under "Section 4 – Financial Condition, Interest Rate and Capital Expenditures Subsidies" of this MD&A.

(2) The basic and diluted weighted average number of units outstanding includes the weighted average of all REIT units and Class B LP units.

(3) AFFO for the comparative period was restated, as disclosed under the "Non-IFRS Financial Measures" of this MD&A.

For the three months ended March 31, 2015, AFFO was $0.18 per unit, which was higher than the prior period due to the growth in Core - FFO. AFFO is expected to increase by approximately $2.2 million, or $0.11 on an annualized basis upon rent commencement of MTS Data Centre at the end of the second quarter of 2015.

Distributions

The REIT's Board of Trustees has full discretion with respect to the timing and extent of distributions, including the adoption, amendment or revocation of any distribution policy. In determining the amount of monthly cash distributions paid to unitholders, the Board of Trustees applies discretionary judgment to forward-looking cash flow information, including forecasts and budgets. As net income calculated in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt of or the payment of cash, the Board of Trustees considers AFFO when establishing cash distributions to unitholders, as well as other factors. The excess of AFFO over cash distributions represents a measure of operating cash flow retained in the business.

It is the REIT's intention to make distributions to unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for current income taxes.

The REIT has a distribution reinvestment plan (the "DRIP"), where eligible unitholders, which include holders of Class B LP units, that elect to participate in the DRIP will have their cash distributions used to purchase trust units of the REIT and will also receive a "bonus distribution" of units equal in value to 3% of each distribution.

The distributions declared during the three months ended March 31, 2015 resulted in 14,764 trust units issued or issuable under the DRIP.

During the three months ended March 31, 2015 and 2014, the REIT declared monthly distributions of $0.0625 per unit. The distributions were paid on or about the 15th day of the month following declaration.

The following table summarizes the distribution payments for the three months ended March 31, 2015 and 2014:

($000s)	Three months ended March 31, 2015 Trust units	Three months ended March 31, 2015 Class B LP units	Three months ended March 31, 2014 Trust units	Three months ended March 31, 2014 Class B LP units
Cash distributions	$ 2,685	$ 951	$ 1,515	$ —
Distributions reinvested in trust units	117	—	178	558
Distributions declared	2,802	951	1,693	558
Less: distributions payable, end of period	(934)	(317)	(566)	(186)
Plus: distributions payable, beginning of period	933	317	561	186
Distributions paid or settled	**$ 2,801**	**$ 951**	**$ 1,688**	**$ 558**

As at March 31, 2015, approximately 3.3% of the trust units outstanding were subscribed to the REIT's DRIP.

The following table reconciles AFFO to cash flow from operating activities reported in the consolidated financial statements of the REIT for the three months ended March 31, 2015 and 2014.

($000s)	**Three months ended March 31, 2015**	Three months ended March 31, 2014
Cash flow from operating activities	**$ 2,392**	$ 2,666
Add (deduct):		
Changes in non-cash working capital	**447**	(837)
Capital expenditure reserve	**(763)**	(477)
Distributions on Class B LP units paid in cash	**951**	—
Distributions on Class B LP units reinvested in trust units	**—**	558
Guaranteed income supplement	**154**	—
Interest rate subsidy(1)	**98**	97
Interest income accrued	**287**	48
AFFO	**$ 3,566**	$ 2,055

(1) The interest rate subsidy is described in further detail under "Section 4 – Financial Condition, Interest Rate and Capital Expenditures Subsidies" of this MD&A.

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
AFFO	**$**	**3,566**	$	2,055
Total distributions paid or payable in cash – trust units and Class B LP units		**3,636**		1,515
Excess (shortfall) of AFFO cash distributions	**$**	**(70)**	$	540

The shortfall of AFFO in comparison to the cash distributions declared for the three months ended March 31, 2015 was due to the trust units issued in the April 2014 equity offering to fund the development of the MTS Data Centre, which is not generating any AFFO contribution during the current period. The shortfall in AFFO over cash distributions for the three months ended March 31, 2015 was funded using the REIT's revolving credit facility.

On a pro-forma basis, if the MTS Data Centre was operational at the beginning of the year, the pro forma AFFO pay-out ratio would have been 91% for the three months ended March 31, 2015.

Management believes that the current level of distributions is sustainable, as the current occupancy levels provide for cash flow growth through near-term leasing opportunities, and the MTS Data Centre is slated for substantial completion in May 2015 and rent commencement in June 2015.

Summary of Selected Quarterly Information

($000s, except per unit amount)		**Q1 2015**		Q4 2014		Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013
Revenues from investment properties	**$**	**14,082**	$	8,917	$	7,991	$	7,972	$	8,207	$	8,228	$	7,568	$	6,601
Net income (loss) and comprehensive income (loss)		**(1,230)**		435		4,652		(1,872)		(354)		1,827		1,228		4,162
Per Unit																
- Basic[1]	**$**	**(0.08)**	$	0.03	$	0.39	$	(0.18)	$	(0.04)	$	0.20	$	0.16	$	0.71
- Diluted	**$**	**(0.08)**	$	0.06	$	0.18	$	(0.18)	$	(0.04)	$	0.20	$	(0.03)	$	0.42

(1) The weighted average number of basic units reflects the REIT units, and excludes the Class B LP units.

The growing trend in revenues from investment properties was largely driven by the acquisitions in 2014. The incremental revenues from these acquisitions were partially offset by the dispositions of 220 Portage and the Humboldt Mall.

Net income (loss) and comprehensive income (loss) for each of the periods in the table above reflect fluctuations arising from fair value adjustments on investment properties, Class B LP units, warrants, and interest rate swaps.

Section 4. FINANCIAL CONDITION

Liquidity and Capital Resources

The principal liquidity needs of the REIT arise from working capital requirements; debt servicing and repayment obligations, which include mortgages payable, amounts drawn on the revolving credit facility and a vendor take-back loan; distributions to unitholders; obligations to redeem outstanding puttable trust units at the option of the unitholders; planned funding of maintenance capital expenditures and leasing costs; and future investment property acquisition funding requirements.

Cash flows from operating the REIT's property portfolio, available funding under the REIT's revolving credit facility and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon rental occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs.

Debt Strategy

The REIT's obligations with respect to debt repayments, redemption of outstanding trust units which are puttable at the option of the unitholders and funding requirements for future investment property acquisitions will be primarily funded by refinancing the REIT's maturing debt, financing unencumbered properties, or future issuances of trust units and debentures.

The REIT's overall borrowing objective is to obtain secured mortgage financing, with terms to maturity that are appropriate having regard to the lease maturity profiles of the underlying properties and which allows the REIT to (i) achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period and (ii) fix rates and extend loan terms when borrowing conditions are favourable; and (iii) provide flexibility with respect to property operations. Subject to market conditions and the growth of the REIT, management currently intends to maintain total indebtedness at approximately 55% of the REIT's gross book value ("GBV"). The success of this strategy is dependent upon debt market parameters existing at the time of borrowing, as well as the particular features and quality of the underlying assets being financed. If this strategy is unsuccessful, mortgage principal repayments would be funded by operating cash flows, additional draws under the REIT's revolving credit facility, financing of unencumbered income-producing properties or by issuances of equity or debt securities.

In accordance with the Declaration of Trust ("DOT") dated August 27, 2012, which was amended and restated on December 27, 2012 and December 17, 2014, the REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would exceed 65% of the GBV of the REIT's assets. The REIT's indebtedness ratio at March 31, 2015 was 59.2%, which was slightly higher than the stated target level of approximately 55%, but lower than the level permitted in the Declaration of Trust. This is expected to be temporary as the REIT intends to align its capital structure to return to the stated target level following the expected disposition of the REIT's retail and industrial properties.

Indebtedness Ratio

($000s unless otherwise noted)		**As at March 31, 2015**		As at December 31, 2014
Mortgages payable	**$**	**269,525**	$	270,559
Vendor take-back loan		**9,180**		9,180
Revolving credit facility		**3,250**		1,500
Total debt at year end		**281,955**	$	281,239
Total assets at year end		**476,293**		476,670
Indebtedness ratio		**59.2%**		59.0%

Interest rates and debt maturities are reviewed regularly by the REIT's Board of Trustees to ensure the appropriate debt management strategies are implemented.

Leverage and Interest Coverage Ratios

	Three months ended March 31, 2015	Three months ended March 31, 2014
Weighted average:		
Mortgages payable	**$ 270,046**	$ 130,065
Vendor take-back loan	**9,180**	9,180
Revolving credit facility	**3,534**	3,406
Weighted average amount of indebtedness	**282,760**	142,651
Deduct: Weighted average amount of cash	**(4,046)**	(2,176)
Weighted average amount of indebtedness, net of cash	**$ 278,714**	$ 140,475

($000s unless otherwise noted)	Three months ended March 31, 2015	Three months ended March 31, 2014
Adjusted EBITDA	**$ 7,322**	$ 4,163
Debt to Adjusted EBITDA leverage ratio (times)	**9.7x**	8.6x
Net Debt to Adjusted EBITDA leverage ratio (times)	**9.5x**	8.4x
Interest expense	**$ 2,645**	$ 1,539
Interest coverage ratio (times)	**2.8x**	2.7x
Debt service requirements:		
Interest expense	**$ 2,645**	$ 1,539
Principal repayments	**1,034**	986
Total debt service requirements	**$ 3,679**	$ 2,525
Debt service coverage ratio (times)	**2.0x**	1.6x

The interest coverage ratio and debt service coverage ratio for the three months ended March 31, 2015 have increased in comparison to the prior period primarily due to the increase in Adjusted EBITDA in the current period as a result of the increase in the portfolio.

Mortgage Repayment Schedule

The following table outlines the REIT's annual principal payments and mortgage maturity schedule, together with the annual weighted average interest rates:

For the years ending December 31,	Annual Principal Payments ($000s)	Principal Repayments on Maturity ($000s)	Total ($000s)	Percentage (%)	Weighted Average Contractual Interest Rate (%)[1][2]
2015 (remaining nine months)	$ 3,069	$ 13,952	$ 17,021	6.3%	3.9%
2016	3,457	154,624	158,081	58.7%	4.2%
2017	3,334	6,750	10,084	3.7%	4.4%
2018	2,553	18,674	21,227	7.9%	4.3%
2019	2,377	18,652	21,029	7.8%	4.2%
Thereafter	7,508	34,575	42,083	15.6%	4.2% [3]
	$ 22,298	**$ 247,227**	**$ 269,525**	**100.0%**	

(1) Pursuant to the acquisition agreement with Huntingdon, the total purchase price payable for the Initial Properties acquired on December 28, 2012 was reduced by $1.9 million in respect of an interest rate subsidy. The interest rate subsidy will be used to subsidize the REIT's mortgage interest payments to achieve an annual blended cash interest rate of 4.5% for the years 2013 to 2017.

(2) Includes payments under interest rate swaps.

(3) Represents the weighted average interest rate as at December 31, 2019.

Total Debt Repayments

The following table outlines the repayment schedule for the REIT's total debt with fixed repayment terms:

		For the periods ending December 31,					
($000s)	**Total**	**2015[1]**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Mortgages payable	$ 269,525	$ 17,021	$ 158,081	$ 10,084	$ 21,227	$ 21,029	$ 42,083
Vendor take-back loan	9,180	9,180	—	—	—	—	—
Revolving credit facility	3,250	3,250	—	—	—	—	—
	$ 281,955	**$ 29,451**	**$ 158,081**	**$ 10,084**	**$ 21,227**	**$ 21,029**	**$ 42,083**

(1) For the remaining nine months of 2015.

The REIT has a revolving credit facility that expires on November 30, 2015 and is secured by four investment properties. The interest rate is prime plus 1.25% per annum and a standby fee of 0.5% charged quarterly in arrears based on the average daily undrawn amount.

The amount available for drawdown under the revolving credit facility is computed on the 12 month trailing net operating income and the appraised values of the secured properties, up to a maximum of $17.0 million, subject to achieving a minimum occupancy threshold by the secured investment properties. As at March 31, 2015, the REIT had $3.3 million outstanding on the revolving credit facility, and was compliant with all financial covenants.

As partial consideration for the acquisition of the Initial Properties on December 28, 2012, the REIT entered into a vendor take-back loan agreement with Huntingdon. The unsecured loan has a face value of $9.2 million bearing interest at 3.0% per annum payable quarterly, with the principal originally due in full on December 28, 2014. During the year ended December 31, 2014, the loan was renegotiated and extended to mature on June 30, 2015. The REIT is currently in discussions with Huntingdon to extend the maturity past June 30, 2015.

Interest rate swaps

As at March 31, 2015, the REIT has interest rate swaps that entitle the REIT to receive interest at floating rates and pay interest at a fixed rate.

Interest rate swaps are re-measured at fair value at the end of each reporting period with fair values calculated as the present value of contractual cash flows based on quoted forward curves and discount rates incorporating the applicable yield curve. At March 31, 2015, the REIT had the following interest rate swap agreements:

	Notional amount	Effective interest rate	Maturity date		Unrealized loss for the three months ended March 31, 2015		Cumulative unrealized loss at March 31, 2015
$	3,771	5.89%	1-Feb-25	$	91	$	725
	22,193	4.60%	14-Aug-23		789		2,271
	23,843	3.68%	1-May-23		836		959

Financial Condition

The REIT's primary sources of capital are cash generated from operating, financing and investing activities. Management expects to meet all of the REIT's obligations through current cash and cash equivalents, cash flows from operations, the REIT's revolving credit facility, and refinancing of mortgages.

The following table provides an overview of the REIT's cash flows from operating, financing and investing activities for the three months ended March 31, 2015 and 2014.

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
Net change in cash related to:				
Operating	**$**	**2,392**	$	2,666
Investing		**(1,609)**		(3,264)
Financing		**(1,984)**		666
Increase (decrease) in cash	**$**	**(1,201)**	$	68

The increase (decrease) in net cash flow for the three months ended March 31, 2015 compared to the same periods in 2014 was the result of the following factors:

- Operating – cash flows for the three months ended March 31, 2015 decreased when compared to the same period in 2014, mainly due to higher mortgage interest expense associated with the increased debt consistent with the increased portfolio, the timing of cash receipts and settlement of payables, and the settlement of the distributions of Class B LP units in cash during the current period. During the three months ended March 31, 2014, the Class B LP units distributions were reinvested into trust units. These items were partially offset by incremental NOI contributed by the increase in the portfolio.

- Investing – cash flows used in investing activities for the three months ended March 31, 2015 were primarily related to capital expenditures and leasing costs. Cash flows from investing activities for the three months ended March 31, 2014 was primarily associated with the issuance of a $3.0 million note receivable related to the development of MTS Data Centre.

- Financing – cash flows used in financing activities for the three months ended March 31, 2015 were mainly from cash distributions paid on trust units of $2.7 million and mortgage principal repayments of $1.0 million, offset by a drawdown of $1.8 million on the revolving credit facility. Cash flows from financing for the three months ended March 31, 2014 were largely due to the drawdown from the revolving credit facility of $3.3 million, offset by mortgage principal payments of $1.0 million and distributions paid on trust units of $1.5 million.

Unitholders' Equity

The REIT is authorized to issue an unlimited number of trust units. Each trust unit represents a proportionate undivided beneficial interest and voting right in the REIT and entitles the holder to an equal participation in distributions of the REIT. The trust units are redeemable at the option of the holder at any time. The trust units are traded on the TSX with a closing ask price of $8.005 as at March 31, 2015.

The REIT is also authorized to create and issue an unlimited number of preferred units, in one or more classes comprised of unlimited series, having terms and conditions as may be determined by the Board of Trustees from time to time. There were no preferred units created or issued during the three months ended March 31, 2015.

As at March 31, 2015, the total number of trust units outstanding was 14,949,985. As at May 7, 2015, the total number of trust units outstanding was 14,955,241.

Potential trust units:

Number of Units		
	March 31, 2015	December 31, 2014
Class B LP Units	**5,073,818**	5,073,818
Warrants	**1,598,550**	1,598,550
	6,672,368	6,672,368

The Class B LP units are exchangeable into trust units of the REIT on a one-for-one basis, subject to anti-dilution adjustments. Each Class B LP unit is accompanied by one special voting unit of the REIT providing the same voting rights in the REIT as the trust units of the REIT and is entitled to distributions of cash equal to the cash distributions paid to holders of trust units by the REIT. The Class B LP Units are recognized in the REIT's consolidated financial statements as financial liabilities measured at fair value through profit and loss. Upon exchange into trust units of the REIT, the carrying amount of the liability representing the fair value of the Class B LP Units on exchange date will be reclassified to unitholders' equity. During the three months ended March 31, 2015, there were no Class B LP units exchanged for the REIT's trust units.

As at March 31, 2015, the total number of Class B LP units outstanding was 5,073,818.

Each whole warrant entitles the holder to acquire one trust unit of the REIT at an exercise price of $10.50 per trust unit at any time until December 28, 2015. The warrants are recognized in the consolidated financial statements of the REIT as financial liabilities measured at fair value through profit or loss. Upon exercise, the carrying amount of the liability representing the fair value of the warrants on exercise date will be reclassified to unitholders' equity. The warrants are traded on the TSX with a closing ask price of $0.025 as at March 31, 2015.

As at March 31, 2015, the total number of warrants outstanding was 1,598,550.

Interest Rate and Capital Expenditures Subsidies

On December 28, 2012, in connection with the acquisition of the Initial Properties, the total purchase price payable by the REIT was reduced by $4.9 million in respect of interest rate and capital expenditures subsidies. Of the amount retained, $1.9 million is to be used to subsidize the REIT's interest payments on mortgages payable (including interest paid under the interest rate swap) related to the Initial Properties to achieve a blended cash interest rate of 4.5% for the five year period to December 2017, representing the market interest rate on similar debt. The remaining $3.0 million retained is to be used to subsidize capital expenditures on the Initial Properties in excess of the normalized maintenance capital expenditure level of $675,000 on an annual basis for the five year period to December 2017. The capital expenditures subsidy is recorded as a contra account to investment properties and is reduced as the subsidy is utilized.

The amounts retained for both the interest rate and capital expenditures subsidies can be utilized by the REIT for operational matters but must be ultimately replenished to fund the required interest payments and capital expenditures. The table below summarizes the movements related to the interest rate subsidy:

($000s)		**Three months ended March 31, 2015**		Twelve months ended December 31, 2014
Balance, beginning of period	**$**	**853**	$	1,271
Amortization of interest rate subsidy		**(98)**		(418)
Balance, end of period	**$**	**755**	$	853

The interest rate subsidy of $0.1 million was utilized during the three months ended March 31, 2015 to reflect the blended interest rate of 4.5% on the mortgages payable related to the Initial Properties.

The table below summarizes the movements related to the capital expenditures subsidy:

($000s)		**Three months ended March 31, 2015**		Twelve months ended December 31, 2014
Balance, beginning of period	**$**	**2,668**	$	2,736
Subsidy utilized		**—**		(68)
Balance, end of period	**$**	**2,668**	$	2,668

Related Party Transactions

The REIT has a Management Agreement with the Manager, as disclosed in the consolidated financial statements for the year ended December 31, 2014. During the three months ended March 31, 2015 and 2014, the REIT incurred the following costs in connection with the Management Agreement:

($000s)		**Three months ended March 31, 2015**		Three months ended March 31, 2014
Property management fees	**$**	**388**	$	230
Asset management fees		**356**		202
Leasing, financing, and construction management fees		**727**		43
Acquisition fees		**93**		—
	$	**1,564**	$	475

Property administration fees are allowable under the tenants' leases relating to assets or resources of Huntingdon that are directly attributable to the management of the REIT's properties. For the three months ended March 31, 2015, property administration fees were $0.7 million, compared to $0.3 million for the same period in 2014. These fees are recovered from the tenants by the REIT and payable by the REIT to the Manager under the terms of the Management Agreement. As at March 31, 2015, included in accounts payable and other liabilities is $1.2 million due to the Manager (December 31, 2014 - $1.0 million).

As at March 31, 2015, the REIT has recognized an amount receivable from the Manager of $0.1 million (December 31, 2014 - $0.1 million) related to environmental work required on certain of the Initial Properties for which the REIT will be reimbursed by the Manager in accordance with the acquisition agreement. As at March 31, 2015, included in accounts receivable is a receivable from the Manager of $3.4 million (December 31, 2014 - $3.7 million) related to properties acquired in December 2014.

New standards applicable in future periods

IFRS 9, *Financial Instruments* ("IFRS 9"), replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The REIT is currently evaluating the impact of IFRS 9 on its condensed consolidated interim financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The new standard is effective for annual periods beginning on or after January 1, 2017. The REIT does not expect the standard to have a material impact on its condensed consolidated interim financial statements.

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improvement in financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016. The extent of the impact of adoption has not yet been determined.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Estimates are based on historical experience and on various assumptions that are reasonable under the circumstances. Actual results could differ from the estimated amounts.

Critical Judgments

The critical judgments made by management, apart from those involving estimations, that have the most significant effect on the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period are as follows:

Business combinations

The REIT makes certain judgments based on relevant facts and circumstances to determine whether a set of assets acquired and liabilities assumed constitute a business accounted for as a business combination. The REIT has determined that the acquisition of the investment properties on December 17, 2014 constituted an asset acquisition.

Leases

The REIT makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the REIT is the lessee, are operating or finance leases. The REIT has determined that none of its leases are finance leases.

Lease incentives

Lease incentives such as rent-free periods and lessee or lessor owned improvements may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of investment properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease. This assessment requires the consideration of several factors, including whether the incentives enhance the value of the property, uniqueness of the improvements, and tenant discretion in use of funds.

Income taxes

The REIT has determined that it is not subject to income taxes as it intends to continue to meet prescribed conditions under the Income Tax Act (Canada) and make distributions not less than the amount necessary to ensure that it is not liable to pay income taxes under current tax legislation.

Assets and liabilities held for sale

The REIT makes judgments in determining whether certain non-current assets or group of assets and liabilities meet the specified criteria under IFRS for classification as held for sale. As at March 31, 2015, the REIT has determined that there were no assets or group of assets and liabilities that met the specified criteria.

Key Estimates

The key estimates and assumptions made by management about the future and other major sources of estimation uncertainty at the date of the consolidated financial statements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of investment properties

The fair values of investment properties, including the investment property under development held by the equity-accounted investee, are determined by management using recognized valuation techniques with a portion of fair values supported by externally qualified third party appraisers. The critical estimates and assumptions underlying the valuation of investment properties include, among other things, rental revenue from current leases, rental revenue from future leases in light of current conditions, future cash outflows in respect of leasing costs, capital expenditures, property operations, and capitalization and discount rates based on market data within the applicable market segment and geographical location. In addition, critical estimates for the investment property under development also include the exercise of the purchase option by the tenant and the stage of completion. Valuations are most sensitive to changes in discount rates and capitalization rates. Changes to the estimates and assumptions used by management or to local and general economic conditions can result in a significant change to the valuation of investment properties, which will be recognized as fair value adjustments during the periods the changes occur.

Section 6. RISKS AND UNCERTAINTIES

For a full list and explanation of the REIT's risks and uncertainties, please refer to the REIT's Annual Information Form for the year ended December 31, 2014, available on SEDAR.

Section 7. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the REIT's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has adopted the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the three months ended March 31, 2015.

As required by NI 52-109, the REIT's CEO and CFO have evaluated the effectiveness of the REIT's DC&P and ICFR. Based on such evaluations, they have concluded that the design and operation of the REIT's DC&P and ICFR, as applicable, are adequately designed and effective, as at March 31, 2015. No changes were made in the REIT's design of ICFR during the three months ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Appendix A - Property Table as at March 31, 2015

A summary of details of the REIT's property portfolio as at March 31, 2015 is set out in the table below.

Asset Class	Property Name	City, Province	Year Built / Renovated / Expanded	(sq. ft.)	GLA Occupancy
OFFICE					
1.	Saskatchewan Place	Regina, SK	1985	84,243	72.6%
2.	280 Broadway Avenue (2)	Winnipeg, MB	1957	112,642	99.0%
3.	585 Century Street (3)	Winnipeg, MB	1959	9,680	100.0%
4.	220 Cree Crescent	Winnipeg, MB	1980	18,000	100.0%
5.	1680 Ellice Avenue (3)	Winnipeg, MB	1980	29,843	89.8%
6.	1700 Ellice Avenue (3)	Winnipeg, MB	1956 / 1959(6)	30,268	100.0%
7.	1030 – 1040 Empress Street	Winnipeg, MB	1956 / 1983	33,478	100.0%
8.	114 Garry Street	Winnipeg, MB	1950 / 1995	74,248	100.0%
9.	1336 – 1340 Sargent Avenue	Winnipeg, MB	1950 / 1995	42,092	100.0%
10	895 Waverley Street	Winnipeg, MB	1991	34,364	100.0%
11.	1000 Waverley Street	Winnipeg, MB	1966 / 1998	58,668	91.3%
12.	4211 Yonge Street (4)	Toronto, ON	1982	170,972	88.7%
13.	1189 Colonel Sam Drive	Oshawa, ON	2001	103,179	100.0%
14.	The Promontory (5)	Mississauga, ON	1987 / 1989	159,752	100.0%
15.	Woodbine Complex (8)	Markham, ON	1984 / 2011	359,833	85.9%
16.	135 Queens Plate (8)	Toronto, ON	1989 / 2012	93,581	71.5%
17.	1 Eva Road (8)	Toronto, ON	1978 / 2011	91,068	86.6%
18.	Meadowpine Blvd (8)	Mississauga, ON	1990	59,095	89.9%
19.	Centennial Centre (8)	Toronto, ON	1985	235,299	83.0%
20.	2285 Speakman (8)	Mississauga, ON	1981	126,270	100.0%
21.	2599 Speakman (8)	Mississauga, ON	1971 / 2011	111,461	86.1%
TOTAL – OFFICE				**2,038,036**	**90.1%**
INDUSTRIAL					
22.	35 Martin Way	Brooks, AB	2005	28,400	0.0%
23.	5404 36th Street SE	Calgary, AB	1980	36,000	100.0%
24.	7001 96th Street	Grande Prairie, AB	1980	33,280	100.0%
25.	891 – 895 Century Street	Winnipeg, MB	1961 / 1968	51,841	100.0%
26.	110 Lowson Crescent	Winnipeg, MB	1996	60,903	100.0%
27.	130 Lowson Crescent	Winnipeg, MB	1999	25,672	100.0%
28.	119 – 130 Plymouth Street	Winnipeg, MB	1977 / 1999	43,364	100.0%
29.	1271 Sargent Avenue	Winnipeg, MB	1981 / 1984	40,893	100.0%
30.	1855 Sargent Avenue	Winnipeg, MB	1953 / 1998	77,500	100.0%
31.	1935 Sargent Avenue (1)	Winnipeg, MB	1962 / 1997	113,864	100.0%
32.	505 Industrial Drive	Milton, ON	1987 / 1991	258,960	100.0%
TOTAL – INDUSTRIAL				**770,677**	**96.3%**
RETAIL					
33.	125 – 185 First Street	Cochrane, AB	1998	15,771	43.9%
34.	Flin Flon Wal-Mart	Flin Flon, MB	2002	63,439	100.0%
35.	Airport Road Shopping Centre	Yellowknife, NWT	2001 / 2003(7)	15,475	100.0%
TOTAL – RETAIL				**94,685**	**90.7%**
TOTAL PROPERTIES				**2,903,398**	**91.7%**

Notes:

(1) Leasehold interest with ground lease expiring in 2036.

(2) Includes a seven-storey office building at 280 Broadway Avenue, a three-storey multi-family residential building located at 70 Smith Street and two parking lots located at 286 Broadway Avenue and 68 Smith Street; excludes occupancy from the residential tenants at 70 Smith Street.

(3) 1680 Ellice Avenue, 1700 Ellice Avenue and 585 Century Street comprise the Century Business Park.

(4) The REIT acquired 4211 Yonge Street on May 1, 2013.

(5) The REIT acquired The Promontory on August 14, 2013.

(6) The REIT acquired 1700 Ellice Avenue on December 20, 2013.

(7) The Airport Road Shopping Centre consists of two buildings. 307 Old Airport Road was originally built in 1993 and subsequently renovated in 2003. 309 Old Airport Road was originally built in 1982 and subsequently renovated in 2001.

(8) The REIT acquired the properties on December 17, 2014.